



General Assembly

January Session, 2007

***Raised Bill No. 1418***

LCO No. 5339

\*05339\_\_\_\_\_CE\_\*

Referred to Committee on Commerce

Introduced by:  
(CE)

***AN ACT CONCERNING THE FINANCING OF PROJECTS BY PRIVATE ENTITIES.***

Be it enacted by the Senate and House of Representatives in General Assembly convened:

1 Section 1. Section 32-23e of the general statutes is repealed and the  
2 following is substituted in lieu thereof (*Effective October 1, 2007*):

3 To accomplish the purposes of the authority, as defined in  
4 subsection (t) of section 32-23d, which are hereby determined to be  
5 public purposes for which public funds may be expended, and in  
6 addition to any other powers provided by law, the authority shall have  
7 power to: (1) Determine the location and character of any project to be  
8 financed under the provisions of said chapters and sections, provided  
9 any financial assistance shall be approved in accordance with written  
10 procedures prepared pursuant to subdivision (14) of this section; (2)  
11 purchase, receive, by gift or otherwise, lease, exchange, or otherwise  
12 acquire, and construct, reconstruct, improve, maintain, equip and  
13 furnish one or more projects, including all real and personal property  
14 which the authority may deem necessary in connection therewith, and  
15 to enter into a contract with a person therefor upon such terms and  
16 conditions as the authority shall determine to be reasonable, including

17 but not limited to reimbursement for the planning, designing,  
18 financing, construction, reconstruction, improvement, equipping,  
19 furnishing, operation and maintenance of the project and any claims  
20 arising therefrom and establishment and maintenance of reserve and  
21 insurance funds with respect to the financing of the project; (3) insure  
22 any or all payments to be made by the borrower under the terms of  
23 any agreement for the extension of credit or making of a loan by the  
24 authority in connection with any economic development project to be  
25 financed, wholly or in part, through the issuance of bonds or mortgage  
26 payments of any mortgage which is given by a mortgagor to the  
27 mortgagee who has provided the mortgage for an economic  
28 development project upon such terms and conditions as the authority  
29 may prescribe and as provided herein, and the faith and credit of the  
30 state are pledged thereto; (4) in connection with the insuring of  
31 payments of any mortgage, request for its guidance a finding of the  
32 municipal planning commission, or, if there is no planning  
33 commission, a finding of the municipal officers, of the municipality in  
34 which the economic development project is proposed to be located, or  
35 of the regional planning agency of which such municipality is a  
36 member, as to the expediency and advisability of the economic  
37 development project; (5) sell or lease to any person, all or any portion  
38 of a project, purchase from eligible financial institutions mortgages  
39 with respect to economic development projects, purchase or  
40 repurchase its own bonds, and sell, pledge or assign to any person any  
41 such bonds, mortgages, or other loans, notes, revenues or assets of the  
42 authority, or any interest therein, for such consideration and upon  
43 such terms as the authority may determine to be reasonable; (6)  
44 mortgage or otherwise encumber all or any portion of a project  
45 whenever it shall find such action to be in furtherance of the purposes  
46 of said chapters and sections; (7) enter into agreements with any  
47 person, including prospective mortgagees and mortgagors, for the  
48 purpose of planning, designing, constructing, acquiring, altering and  
49 financing projects, providing liquidity or a secondary market for  
50 mortgages or other financial obligations incurred with respect to

51 facilities which would qualify as a project under this chapter,  
52 purchasing loans made by regional corporations under section 32-276,  
53 or for any other purpose in furtherance of any other power of the  
54 authority; (8) grant options to purchase or renew a lease for any of its  
55 projects on such terms as the authority may determine to be  
56 reasonable; (9) employ or retain attorneys, accountants and  
57 architectural, engineering and financial consultants and such other  
58 employees and agents and to fix their compensation and to employ the  
59 Connecticut Development Credit Corporation on a cost basis as it shall  
60 deem necessary to assist it in carrying out the purposes of said  
61 authority legislation; (10) borrow money or accept gifts, grants or loans  
62 of funds, property or service from any source, public or private, and  
63 comply, subject to the provisions of said authority legislation, with the  
64 terms and conditions thereof; (11) accept from a federal agency loans  
65 or grants for use in carrying out its purpose, and enter into agreements  
66 with such agency respecting any such loans or grants; (12) provide  
67 tenant lease guarantees, [and] performance guarantees, and loan  
68 guarantees, invest in, extend credit or make loans to any person for the  
69 planning, designing, financing, acquiring, constructing, reconstructing,  
70 improving, expanding, continuing in operation, equipping and  
71 furnishing of a project and for the refinancing of existing indebtedness  
72 with respect to any facility or part thereof which would qualify as a  
73 project in order to facilitate substantial improvements thereto, which  
74 guarantees, investments, credits or loans may be secured by loan  
75 agreements, lease agreements, installment sale agreements, mortgages,  
76 contracts and all other instruments or fees and charges, upon such  
77 terms and conditions as the authority shall determine to be reasonable  
78 in connection with such loans, including provision for the  
79 establishment and maintenance of reserve and insurance funds and in  
80 the exercise of powers granted in this section in connection with a  
81 project for such person, to require the inclusion in any contract, loan  
82 agreement or other instrument, such provisions for the construction,  
83 use, operation and maintenance and financing of a project as the  
84 authority may deem necessary or desirable; (13) in connection with

85 any application for assistance under said authority legislation, or  
86 commitments therefor, to make and collect such fees and charges as  
87 the authority shall determine to be reasonable; (14) adopt procedures,  
88 in accordance with the provisions of section 1-121, to carry out the  
89 provisions of said authority legislation, which may give priority to  
90 applications for financial assistance based upon the extent the project  
91 will materially contribute to the economic base of the state by creating  
92 or retaining jobs, providing increased wages or benefits to employees,  
93 promoting the export of products or services beyond the boundaries of  
94 the state, encouraging innovation in products or services, encouraging  
95 defense-dependent business to diversify to nondefense production,  
96 promoting standards of participation adopted by the Connecticut  
97 partnership compact pursuant to section 33-374g of the general  
98 statutes, revision of 1958, revised to 1991, or will otherwise enhance  
99 existing activities that are important to the economic base of the state,  
100 provided regulation-making proceedings commenced before January  
101 1, 1989, shall be governed by sections 4-166 to 4-174, inclusive; (15)  
102 adopt an official seal and alter the same at pleasure; (16) maintain an  
103 office at such place or places within the state as it may designate; (17)  
104 sue and be sued in its own name and plead and be impleaded, service  
105 of process in any action to be made by service upon the executive  
106 director of said authority either in hand or by leaving a copy of the  
107 process at the office of the authority with some person having charge  
108 thereof; (18) employ such assistants, agents and other employees as  
109 may be necessary or desirable for its purposes, which employees shall  
110 be exempt from the classified service and shall not be employees as  
111 defined in subsection (b) of section 5-270; establish all necessary or  
112 appropriate personnel practices and policies, including those relating  
113 to hiring, promotion, compensation, retirement and collective  
114 bargaining, which need not be in accordance with chapter 68 and the  
115 authority shall not be an employer as defined in subsection (a) of  
116 section 5-270; contract for and engage appraisers of industrial  
117 machinery and equipment, consultants and property management  
118 services, and utilize the services of other governmental agencies; (19)

119 when it becomes necessary or feasible for the authority to safeguard  
120 itself from losses, acquire, purchase, manage and operate, hold and  
121 dispose of real and personal property, take assignments of rentals and  
122 leases and make and enter into all contracts, leases, agreements and  
123 arrangements necessary or incidental to the performance of its duties;  
124 (20) in order to further the purposes of said authority legislation, or to  
125 assure the payment of the principal and interest on bonds or notes of  
126 the authority or to safeguard the mortgage insurance fund, purchase,  
127 acquire and take assignments of notes, mortgages and other forms of  
128 security and evidences of indebtedness, purchase, acquire, attach,  
129 seize, accept or take title to any project by conveyance or, by  
130 foreclosure, and sell, lease or rent any project for a use specified in said  
131 chapters and sections or in said chapter 579; (21) adopt rules for the  
132 conduct of its business; (22) invest any funds not needed for immediate  
133 use or disbursement, including any funds held in reserve, in  
134 obligations issued or guaranteed by the United States of America or  
135 the state of Connecticut and in other obligations which are legal  
136 investments for savings banks in this state; (23) do, or delegate, any  
137 and all things necessary or convenient to carry out the purposes and to  
138 exercise the powers given and granted in said authority legislation;  
139 provided, in all matters concerning the internal administrative  
140 functions of the authority which are funded by amounts appropriated  
141 by the state to the authority or to the department, the procedures of the  
142 state relating to office space, supplies, facilities, materials, equipment  
143 and professional services shall be followed, and provided further, that  
144 in the acquisition by the authority of real estate involving the use of  
145 appropriated funds or bonds supported by the full faith and credit of  
146 the state, the authority shall be subject to the provisions of section 4b-  
147 23; (24) to accept from the department: (A) Financial assistance, (B)  
148 revenues or the right to receive revenues with respect to any program  
149 under the supervision of the department, and (C) loan assets or equity  
150 interests in connection with any program under the supervision of the  
151 department; to make advances to and reimburse the department for  
152 any expenses incurred or to be incurred by it in the delivery of such

153 assistance, revenues, rights, assets or amounts; to enter into  
 154 agreements for the delivery of services by the authority, in  
 155 consultation with the department, the Connecticut Housing Finance  
 156 Authority and Connecticut Innovations, Incorporated, to third parties  
 157 which agreements may include provisions for payment by the  
 158 department to the authority for the delivery of such services; and to  
 159 enter into agreements with the department or with the Connecticut  
 160 Housing Finance Authority or Connecticut Innovations, Incorporated  
 161 for the sharing of assistants, agents and other consultants,  
 162 professionals and employees, and facilities and other real and personal  
 163 property used in the conduct of the authority's affairs; and (25) to  
 164 transfer to the department: (A) Financial assistance, (B) revenues or the  
 165 right to receive revenues with respect to any program under the  
 166 supervision of the authority, and (C) loan assets or equity interests in  
 167 connection with any program under the supervision of the authority,  
 168 provided the transfer of such financial assistance, revenues, rights,  
 169 assets or interests is determined by the authority to be practicable,  
 170 within the constraints and not inconsistent with the fiduciary  
 171 obligations of the authority imposed upon or established upon the  
 172 authority by any provision of the general statutes, the authority's bond  
 173 resolutions or any other agreement or contract of the authority and to  
 174 have no adverse effect on the tax-exempt status of any bonds of the  
 175 authority or the state.

This act shall take effect as follows and shall amend the following sections:		
---	--	--

Section 1	<i>October 1, 2007</i>	32-23e
-----------	------------------------	--------

***Statement of Purpose:***

To allow the Connecticut Development Authority to provide loan guarantees to private entities.

*[Proposed deletions are enclosed in brackets. Proposed additions are indicated by underline, except that when the entire text of a bill or resolution or a section of a bill or resolution is new, it is not underlined.]*